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Place:

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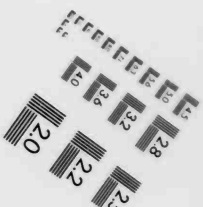
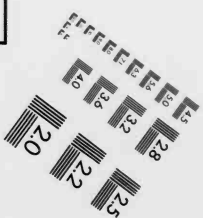
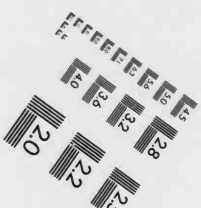
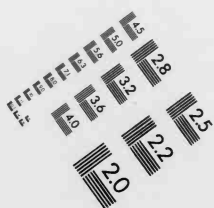
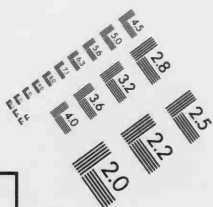
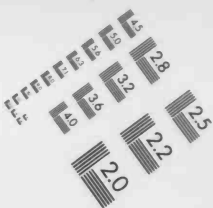
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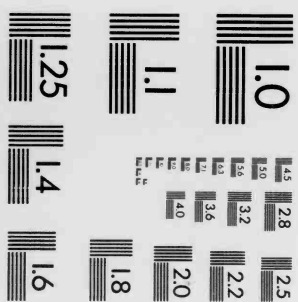
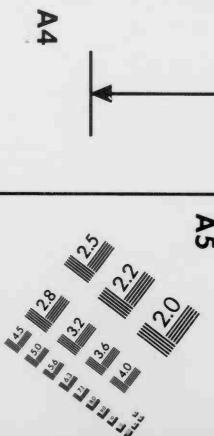
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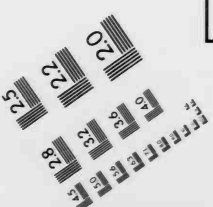
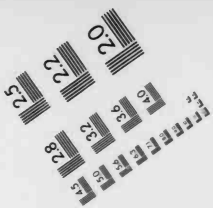
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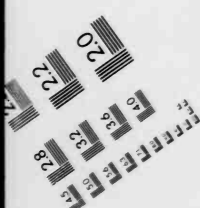
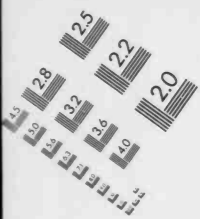
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NATIONAL INDUSTRIAL
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HEARING ON

THE WHOLESALE DRUG INDUSTRY

- Post-Hearing Conference -

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UNIVERSITY
May 9, 1934

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WHOLESALE DRUG INDUSTRY

May 9, 1934

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NATIONAL RECOVERY ADMINISTRATION

Washington, D. C.

Wednesday, May 9, 1934

- - - - -

POST-HEARING CONFERENCE

ON

CODE OF FAIR COMPETITION

FOR THE

WHOLESALE DRUG INDUSTRY

- -

The above-entitled matter came on for further conference at 2:45 o'clock p. m., at Room 4314, Department of Commerce Building, Assistant Deputy Administrator Mark Merrell presiding.

There were present also:

E. O. Mather, Technical Assistant

A. A. Kimball, Technical Assistant

S. S. Kittle, Aide

Philip Bechert, Representing the Legal Division, NRA.

Dr. E. L. Newcomb, Executive Vice President, National Wholesale Druggists' Association.

H. D. Faxon, President, National Wholesale Druggists' Association.

R. E. Williamson, President of the Federal Wholesale Druggists' Association.

PROCEEDINGS

Assistant Deputy Merrell: I took the minutes of your meeting, Doctor, and have gone through them, and find that you have changed right back to what the original code was on most of the wage and hour provisions.

Dr. Newcomb: I will point out that the wages were increased over the previous wage scale.

Have you noticed that?

Assistant Deputy Merrell: How are they increased? You have \$15.75 for the 40 hour week. That calls for 35 cents an hour.

Do you mean that that is higher than your former code?

Dr. Newcomb: Yes.

Assistant Deputy Merrell: I thought you meant that it is higher than the suggested model I gave you.

Is that what you mean, that that 35 cents an hour is higher than the original code, that went to hearing?

Mr. Faxon: He means that the weekly wage runs higher.

Dr. Newcomb: Yes, the rates per week.

Mr. Faxon: They drag down more per week.

Dr. Newcomb: One is \$15.00, and this is \$15.75.

Assistant Deputy Merrell: Well, \$15.00 for a 40 hour week would make it 37½ cents an hour, and your \$15.75 on the basis you have makes it 35 cents an hour.

Mr. Williamson: On a 40 hour week, yes sir.

Assistant Deputy Merrell: I am disappointed, needless to say, that you did not accept the compromise suggestion we offered, and the question has arisen on the whole problem whether the NRA will accept this code or go to hearing.

You people did not go half way, Doctor, did you?

Dr. Newcomb: Mr. Chairman, your special committee spent an entire day studying the code which you submitted to us, and the minutes of the meeting record the unanimous opinion of the members of the committee.

The committee feels that it has suggested in its report a code which the wholesale drug trade can operate under, and which will result in its maintaining the service and increasing employment as there may be need for additional help to be employed.

The committee felt that it absolutely could not function under the code as you have submitted it, either from the viewpoint of maintaining employment as at present, or from the viewpoint of maintaining the service which is essential to the public health or, third, from the viewpoint of maintaining the wage scale as suggested, because of the financial hardship which the code would impose upon the trade, which it cannot stand.

Assistant Deputy Merrell: What do you mean by financial hardship for a period of two months? That is all we asked you

to do, to start with.

Dr. Newcomb: I mean financial hardship from the viewpoint of the position that the industry is in.

We have brought together additional facts on the question of the financial position of the trade which we had proposed to submit to the Administration at the time of the next hearing, and I will endeavor to give you briefly some basic figures.

101 wholesale druggists who in 1929 had a net profit ranging from 1.75 per cent on sales to 4.33 per cent on sales, found that in 1932 they had suffered a net loss on per cent of sales to from 0.33 per cent to 1.58 per cent, and in 1933, for the same 101 wholesale druggists, whom we believe are representative of the industry, it shows that they suffered net losses of from 0.34 per cent on sales to 3.53 per cent on sales.

The average loss on per cent of sales of these 101 wholesale druggists in 1933 was 1.22 per cent of sales.

In 1932, the average loss of this same group was 0.85 per cent of sales.

In 1929, that same group made a net profit of 2.37 per cent.

Now, the situation is far worse from a financial point of view at the time of our public hearing on March 15, and the industry is simply unable to stand any added burden, and

this, together with the fact that Mr. Merrell at the public hearing himself stated that he felt the code proposed would not result in any increase in employment, which confirms our own opinion, and really fortifies the position which we have taken, and which is supported by the fact in 250 pages of testimony presented at the public hearing, shows that this code as presented to us is absolutely unsound and unfair to the wholesale drug trade.

We will present these figures, Mr. Chairman, if we have another hearing, which we hope we may.

Assistant Deputy Merrell: Undoubtedly the wholesale druggists have suffered losses during the depression, but that is true of a lot of other people that have gone under codes.

I am in this position, that I would like to see a separate wholesale drug code, as I believe you could operate your code better for various other reasons.

However, the bare facts in the case are that the petition to exempt you from the general wholesale code has never been granted.

You have checked into that, Mr. Bechert?

Mr. Bechert: Yes sir.

Mr. Mather: The petition is on my desk now. It has never been granted.

Dr. Newcomb: We have never seen it. It was promised to us repeatedly.

Mr. Mather: You have never seen it because the Administration decided not to grant it. It got as far as the Review Division, and came back.

Assistant Deputy Merrell: I understand that Dr. Cameron stated to you, Mr. Williamson, the fact that if the wholesale druggists did not present a suitable code, that they would be put under the general wholesale code.

Mr. Williamson: He did not say that to me.

Mr. Kimball: I heard him say it. Maybe you did not hear it, but he did.

Mr. Williamson: Was I the only one present?

Mr. Kimball: Yes, sir, you and Dr. Cameron - -

Assistant Deputy Merrell: When was that?

Mr. Kimball: Dr. Cameron made the remark to Mr. Williamson that if a suitable code was not presented, that they would be put under the general wholesale code - - I mean that they were under it now.

Mr. Williamson: But we are not under it now.

Mr. Kimball: You are under it right now. There has been no exemption granted. It is that the Compliance Division has not enforced the code against the drug people.

Mr. Williamson: Have you ever looked at the printed copy as issued by your division and printed, wherein it specifically says that it applies to drugs?

Mr. Mather: The basic wholesale code?

Mr. Williamson: Yes. If there is not something to that effect, that it does not apply to drugs, not in the text, but on the front page, I am mistaken.

If Dr. Dameron said that to me, I did not hear him, but I did not purposely close my ears to that statement.

Mr. Kimball: I was not accusing you of that.

Mr. Williamson: I have not the slightest recollection of it, and it would have been of sufficient importance, if I had heard it, for me to have remembered it.

Mr. Mather: Here is the official printed copy of the code, and I cannot find anything in there relating to the drug code.

Assistant Deputy Merrell: Have you another copy?

Mr. Mather: I have been sleeping with that code for two and a half months, and it has always been my understanding that the wholesale druggists have been under the code, but because of your petition for a separate code, the Compliance Division has been disposed not to proceed against the druggists, but there has been no official exemption of you people from the general wholesale code.

Assistant Deputy Merrell: I know that the question of compliance came up, Dr. Newcomb, if you remember, in Los Angeles, and you just mentioned when you came in that it came up again at Little Rock.

Dr. Newcomb: Little Rock, yes.

Assistant Deputy Merrell: I feel that the wholesale druggists would be better off having a code as this redraft is written, a code of their own, than to have a supplement under the general wholesale code, and if you are under the general wholesale code you can file a supplemental petition for a supplementary code to the general wholesale code, or you can request a separate code -- isn't that right?

Mr. Mather: You can file a supplemental code.

Assistant Deputy Merrell: Could you file a request to be taken out from under it, and have a separate code?

Mr. Mather: I presume you can, yes sir.

Mr. Williamson: That would in effect be the same thing.

Mr. Mather: It would be the same as the code they have now, and they were not under the wholesale code. The supplemental codes contains approximately three things, definition, administration and trade practices.

Assistant Deputy Merrell: They could have labor provisions?

Mr. Mather: They could.

Assistant Deputy Merrell: They would be lower, though?

Mr. Mather: They could have labor provisions, but they would have to be more onerous than the provisions of the general wholesale code. They would not be less onerous.

Assistant Deputy Merrell: Of course, Dr. Dameron is not here today, and won't be here until Friday.

You had better tell them what he told you about this situation before he left.

Mr. Kimball: Dr. Dameron just felt that Mr. Merrell's proposal to try it out and see what the effect of such a code would be, and to grant exemptions on the basis of individual agencies, was a very fair proposition. It was offering just what all other wholesalers under the general code have now, at the same time recognizing in each code itself the fact that there may be a need for exemption in some cases, which is giving a little bit more weight to it, and to try it out and see if it would not prove out, and we felt quite likely it would, that the large part of the trade would if they could operate under 40 hours, and not to admit defeat at the start and say that "We cannot do anything but 45 hours." And he felt that there was no use to go into any public hearing again, presenting the same code which has been discussed and considered by the various Boards and by the Administration, with all sorts of facts presented, but to accept a proposition like Mr. Merrell's, which he felt was a very just one.

Otherwise, he felt that without any further delay he would just announce to the Compliance Division that they need not close their eyes any more to the wholesale drug trade not being under the general wholesale code.

Assistant Deputy Merrell: In event of that, the wholesale druggists would be under the general wholesale code

until --

Mr. Kimball: Until a code is approved for them.

Assistant Deputy Marrell: Either as a separate code
or as a supplement to the general wholesale code?

Mr. Kimball: ^{definitely} However, he did not want to take such
action until such a time as, within the next few days, the
Code Committee definitely filed their recommendation and he
could tell whether or not they were going to accept this
chance to try out the better provisions from the point of view
of labor, and to see whether or not, if they presented the
old arguments, it would just mean further delay.

Mr. Williamson: In other words, it is either take
what the Department says or get slapped under the general
wholesale code without any consideration for the opinions
and experience of the industry affected?

That is what it is.

Mr. Mather: That is not quite fair.

Mr. Williamson: Isn't that it, in the last analysis?

Mr. Mather: In effect it is, except in so far as the
last part of your statement is concerned, because I think
the Administration has given the wholesale drug group as much
consideration on facts and figures as any other group will,
and we have ever gone so far as to give you people an oppor-
tunity which I do not know has been given to any other group,
and that is a chance for 60 days to try out a proposed pro-

vision as suggested, and that is farther, as far as I personally know, than they have gone with any other group that has come before us.

Mr. Williamson: Then I will revise my remark about the part you object to, and say that it is found that in the Administration's opinion our ideas and experience about what we can or cannot do are not sufficiently conclusive to grant the request we make.

Mr. Mather: In effect that is what it is. We disagree with your conclusions, and we think that by trying out this provision for 60 days, experience will show whether you can comply with the provisions of the suggested code.

Mr. Williamson: May I say this, that that statement of yours largely is based on the apparent conviction that we are wrong and that we will find during the 60 days that it can be done as you say it can be done, ^{and} in offering to us this opportunity to come in and say, "Gentlemen, we want you to reconsider this; we cannot operate under it," you are not giving us anything in God's world except what all the rest of the branches under the code have. They have the right to come in at any time if it is onerous and inequitable to them.

Mr. Mather: One specific person can, but not the group as a whole.

Mr. Williamson: You are claiming here that it must be for a specific individual?

Mr. Kimball: This is an individual case. The main principle here is that by putting this actually in the code we are recognizing the fact that there may be some exemptions filed, and that there may be some justified cases. In other words, the code itself recognizes that we expect to have some exemptions filed, which does give you a stronger case than any code which does not say anything about it, because such recognition in the code itself is something which will be naturally borne in mind by the Administrator when such petitions are presented.

Mr. Williamson: Now --

Mr. Kimball: And they will be presented right under Article So-and-So of the code.

Mr. Williamson: Now, about this statement that we have made, and which you seem to believe or do tell us that we are mistaken, laboring under a misapprehension, to the effect that we have never been exempted from the general wholesale code --

Assistant Deputy Merrell: I said officially, Mr. Williamson.

Mr. Williamson: I do not know what you call officially or what you call unofficially.

Mr. Mather: An order signed by General Johnson.

Mr. Williamson: When I talk to the officials of this organization, and they make a statement, and, if I am not mistaken, in writing, we consider that as being official, and

our understanding was that this understanding dates from the time of the hearing of the general wholesale code, that we were not to be included in that code, that we were to have a supplementary code, and that during that period in which our code was being considered, we were to operate under the President's Reemployment Agreement as signed by us to get the Blue Eagle.

Mr. Mather: That still leaves you in the same position, that you now have come to the point where you have been operating under the PRA for the period during which your code should have been approved, and now you have presented a code which the Administration does not desire to approve, and the Administration now has, as apparently from your remarks you observed at that time, the right to put you under the general wholesale code if you did not present a satisfactory supplementary code to us.

I do not know where you got that impression. I glanced hastily through the record of the wholesale code public hearing, and I was not able to find anything on that.

In so far as the other statement about yourself exempt is concerned, in the first place I would like very much to see any communications in writing from any responsible official in the NRA empowered to exempt you, and, in the second place, nobody except the Administrator or the Division Administrator, by an official order approved by all the Boards

and signed by the Legal Division and recommended by the Deputy Administrator, has the power to exempt any individual or any group from any provisions of any code, and no official order has exempted the wholesale drug group from any code has ever been issued by the NRA that we have been able to find.

Mr. Williamson: What was the status of the wholesale grocery code? That came under a supplementary code, did it not?

Mr. Mather: A separate code, a separate code framed and formulated in the AAA Division. The AAA Division took all the food codes from the NRA.

Assistant Deputy Merrell: I understand that that code is being considered to be reopened.

Mr. Williamson: I presume that all codes are susceptible to being reopened.

Assistant Deputy Merrell: I refer to the 44 hour provision.

Mr. Williamson: Now, I assume from what you gentlemen have said here today, Mr. Merrell and Mr. Mather, that the Department or the Administration has come to a very definite conclusion that the features of the code for the wholesale drug industry bearing on maximum hours of labor as presented and as offered by us, in which we have sincerely insisted that we should have, is going to be refused?

Mr. Mather: I think that is correct, yes.

Assistant Deputy Merrell: The position I am in, Mr. Williamson - -

Mr. Williamson: Now - -

Assistant Deputy Merrell: Let me explain - -

Mr. Williamson: I want to know about that.

Assistant Deputy Merrell: You are filing a new code - - I mean, you have not got your code, but, as I understand it, according to the minutes of the meeting which I received this morning, you will file a code with these changes which are mentioned in the minutes.

Mr. Williamson: I do not know as we exactly had that in mind, but, acting under your suggestions, this committee took the code which you drew, which is this code here, and had a conference in New York, and it was at your suggestion that the result of this conference should be brought back to Washington.

Assistant Deputy Merrell: It is my suggestion - -

Mr. Williamson: - - and that then there was to be another hearing or conference in Washington on what the meeting in New York had done.

Assistant Deputy Merrell: That is what this meeting is.

Mr. Williamson: And this is to report to you what the meeting in New York did.

Assistant Deputy Merrell: That is right, and I took these minutes and assumed that you had planned to file

the code with the changes voted on by your committee.

Mr. Williamson: No, we planned to present to you what we thought about this code, and, in conference with you and your assistants, endeavor and hope to have what we suggested put into this code by you.

Mr. Mather: Let us get together and see if we cannot do it before we make any statement as to what we are going to do.

It may be that we have jumped too soon and assumed that the provisions in the code that we have submitted were not satisfactory.

Let us get together and see if we can work out a code satisfactory to both your group and to the Administration.

Mr. Williamson: I hope I have not implied in my remarks that there might be something different from what we have put down in the minutes of this meeting in New York that would be satisfactory to us, because I want you to understand that anything different from what is here would not be satisfactory to the industry.

Mr. Mather: Then we are back to where we started. In other words, the changes made as shown by the minutes are the only ones that would be satisfactory to the industry, and am I correct in saying that those changes suggested by us are not satisfactory?

Mr. Williamson: No. We have raised the rate of wages

higher for 45 hours than you had the rate of wages for 40 hours, not on the basis of salary per hour, but salary per week.

In our industry we do not hire men by the hour. We do not pay by the hour. A man is hired for so much a week or so much a month, and he gets that, no matter if he is 30 hours short in his month, unless he is an abuser of his employer's good nature.

We do not work on an hourly basis.

Assistant Deputy Marrell: You have changed --

Mr. Mather (interposing): Let us get this for the record: Why couldn't you state briefly the minimum provisions which are acceptable to your industry, and let us try to state the minimum ones acceptable to the Administration, and see how far apart we are?

Can we do that?

Assistant Deputy Marrell: Yes, I think that that would be a good way to do it.

Mr. Williamson: You mean by minimum, minimum wages and minimum hours?

Mr. Mather: Yes.

Assistant Deputy Marrell: Before doing that, I would like to correct Mr. Williamson in one respect.

We had \$15.00 for a 40 hour week, and that is 37½ cents an hour. You have \$15.75 -- and I am looking at the first

classification -- for a 45 hour week which is 35 cents an hour.

Mr. Williamson: Yes.

Assistant Deputy Merrell: In other words, your total weekly wage is 75 cents, but it is really below the ratio established in the code that was sent to you, because your wage is 35 cents an hour as against $37\frac{1}{2}$ cents an hour.

Mr. Williamson: The hourly ratio is lower by $2\frac{1}{2}$ cents, yes.

Assistant Deputy Merrell: That is not doing anything.

Mr. Williamson: Well, from the viewpoint of paying a man by the hour, no, but by the week, yes. It is 75 cents more a week.

Assistant Deputy Merrell: But they are working 5 more hours.

(Thereupon there was an informal discussion off of the record.)

Mr. Williamson: We work on a weekly basis. We are not on a labor union schedule.

Mr. Mather: I think that all wholesalers are without exception on a weekly basis.

Mr. Kimball: The reason for putting that on an hourly basis is not because they are paid by the hour, but to show how much they are paid.

Assistant Deputy Merrell: We put in both.

Mr. Kimball: Just to show how much it would be.

Mr. Williamson: Then, again, the employees affected or in this little group are only about 1 per cent of our total employees.

Mr. Mather: Why fight about it, then?

Mr. Williamson: All right; I was perfectly satisfied and suggested \$17.50 a week to Mr. Berrall.

Mr. Kimball: But that was just a minimum.

Mr. Williamson: But he wants to shoot this thing all through the entire organization.

Assistant Deputy Merrell: Let us start back from what Mr. Mather suggested, that the wholesale drug people tell us the minimum requirements that they feel they can accept, and then we will see how far apart those two positions are -- is that right?

Mr. Mather: Yes. I think we ought to have a representative of labor here, if possible.

Assistant Deputy Merrell: Do you want him now or later?

Mr. Mather: It does not matter.

Assistant Deputy Merrell: We know exactly what they want.

Mr. Kimball: We have already talked with Mr. Berrall, and we know that he will probably accept that plan which Mr. Merrell suggested.

Mr. Williamson: In answer to Mr. Merrell's request to

state what is the minimum, we do not want to be arbitrary, but we are sincerely and absolutely convinced that we have to serve our patrons for $5\frac{1}{2}$ days a week, which means a 25 hour week, in order that a proper service can be carried through from the depot or supply of drugs, and medicines to the retailer, and in order properly to serve the requirements of our industry, to properly carry through the service which we think is vitally essential in the public health scheme, to give to the retailer what he wants and when he wants it, so that he, in turn, can pass that on to the physician and the physician to the patient, or the physician to the hospital, in caring for the public health, we say that $5\frac{1}{2}$ days are absolutely necessary.

Now, I have been told that your Department here feels that we have been unduly and unnecessarily stressing the public health feature of the wholesale drug business. Maybe we have somewhat from the viewpoint of some people, but not from our own viewpoint.

I know that there is not a single member of the industry that is in the - - I do not know how to term it without casting any reflection on some of the others in the industry who are covered by the definition, but there is not a single member in the industry that has a real complete wholesale drug house who is actuated not just by mercenary motives causing him to be in the drug business, but he is in the drug business in a

traditional way and is actually convinced that he is carrying on a vital service to the public, and that to do that properly, $5\frac{1}{2}$ days are necessary.

We are willing to contract here these 5 days into 8 hour days, and a half day on Saturday, of 5 hours. Heretofore in busy times, and those times will return, there have been many days in the week when 8, 9, 10 or 11 hours have been taken to complete the day's work, and that means to really complete the day's work, not to leave something over for the next day.

Ours is not that kind of a business.

So we feel positively convinced that we are in an industry that needs a 45 hour week, with $5\frac{1}{2}$ days, 8 hours for 5 days, and 5 hours for a half day on Saturday.

Mr. Kimball: Of course, the length of time your establishment is open is not governed by the 40 hours.

Mr. Williamson: Now, in order to combat that part of the argument, it is necessary for Dr. Newcomb, with his statistics and data to show you what the condition is and has been.

But, gentlemen, all of this time you are talking about doing something for labor; that is all that there is to it --

Assistant Deputy Merrell: That is the whole purpose of the Act.

Mr. Williamson: There is nothing else in God's world,

apparently, but the purpose of the Act was also to lead to industrial recovery, and labor is not all that there is in industry.

Assistant Deputy Merrell: But the idea is that if labor would take an additional labor load, they in turn would be able to straighten out the trade practices.

Mr. Williamson: I understand that argument, but it seems to me impossible to say to a man, "You have been losing money for two years, and you have had a hard time paying your clerks and your debts and staying alive; now go ahead and increase your expense of doing business; put on more clerks, even though you have not the money to do it, and we won't let you raise your prices."

We know that this industry on which you are trying to force hours of labor that we think we cannot stand has been, by all the measures you may apply today, supporting its labor and its employees through times of stress and sickness and depression. We have also laid off less people in this industry than probably many other industries.

When the people that we have now - - we could do with 25 or 30 per cent more business without the need of a single employee, and yet our margin of profit in good years ran around 2 per cent of our sales, and in the years immediately preceding this period showed a loss of 1.75 .

We only want to have a chance to continue the service

to catch our breath and to keep step with the improvements and increase in business. When that time comes, our labor will be increased as rapidly as anybody else, when it is possible to do it.

We feel positive that we cannot do with less than 45 hours. I know that in my own group, in the Federal group, there are three, four or five that say, "I guess that we could get by on 40 hours," but that is a very small minority of our group, and I presume that is so of Dr. Newcomb's group, and I speak of these two groups because they are the only two groups that are all-embrasive in the industry. I would say this even if Mr. Shapiro or Miss Kneigel were here, for they are only partially embrasive; we called them short-line jobbers for many years. We are doing a different job from what they are doing. They can close up and only work three days a week, because in many cases the service they render is not imperative for the minute. Time is ^{not} of the essence in their service, but price.

Assistant Deputy Merrell: Of course, ^Mr. Williamson, you realize that a 40 hour week for the employees does not prohibit you from working 5½ days. It merely means that you would stagger your employees, and probably take on some additional help to fill up the gap.

I think that one of the difficulties in this whole situation is that we have lots of facts and figures in the whole-

sale drug business, but, after all, we have not any facts and figures on what is the actual situation with your employees working at a 40 hour week.

Mr. Mather: Not only that, but I think that if you will read the record at the wholesale hearing, and the post hearing conferences on the wholesale code, you will find almost identically that the same arguments were made by every wholesaler. We have had in our office since the basic wholesale code went into existence only two petitions for exemption that I know of, and yet the same arguments were made, that they could not stand it, that business would go out, and yet none but two have taken advantage of the opportunity to petition for exemption, and I just have a deep rooted and deep seated conviction, just as you have - - I think we can say definitely that we at least start from the point of view that both of us are sincere, but we sincerely believe that your group can operate successfully at a profit to yourself on 40 hours a week, and we do not have any facts and figures to show us otherwise.

Assistant Deputy Merrell: I believe that I discussed this at the last meeting that we had, but assuming for the moment that you are under the 40 hour week; the first thing you are going to do is to announce to your trade that in place of taking orders up to two o'clock, you will only be able to accept them up until noon or whatever it is, and would not a

good deal of this service business that you are talking about be eliminated by means of changing the buying habits of the retail druggists?

Mr. Williamson: Well - -

Assistant Deputy Merrell: Now, the retail druggists, in my experience in the business, have always expected a terrific lot of service. I remember that in St. Louis we had a rule that we would not deliver orders under \$5.00, or something of that sort. They would call up -- and I think it is still true - - and say that they wanted 1/12 of a dozen of this or that, and they had been accustomed to getting that kind of service.

Mr. Williamson: I agree with that.

Assistant Deputy Merrell: How much of that is frivolous, and how much is absolutely necessary to the public health, I do not know, but, of course, your argument against that is that you cannot sell them more than 1/12 of a dozen at a time, because they do not have the money to pay for it.

Mr. Williamson: Well, I will not attempt to argue against the condition which you have just referred to, because we in the wholesale drug business are convinced that that is quite an abuse. We are convinced that the retailer in the metropolitan areas has been spoiled, if you please, by competitive services.

Why, I clearly remember when a retailer would not

hesitate to telephone to the wholesale house for 100 quarter grain calomel tablets for 12 cents, and ask you to send them right away by messenger, or on the street car and get the motorman to throw them off at his door.

I doubt if you can over night, or in 60 days, practically speaking, cure all of those things, but the main thing is that the stock of the retailers is limited to his ability to pay or his capital, and there, again, it is bad. I do not know but what 50 per cent of the retailers in the drug business have never had enough money to justify going into business to start with, and therefore they are always with their nose to the grindstone.

Assistant Deputy Merrell: Will five hours less a week hurt his stock very much?

Mr. Williamson: I will always have to go back to a continued wide spread service, not necessarily for him, but for the public health in the whole scheme.

Mr. Newcomb: Two of the statements made here by representatives of the Administration, in my judgment, on the basis of a careful study of the facts, are, I believe, absolutely erroneous, and I would like to enter on the record a statement to that effect.

One of these statements was by Mr. Mather, and I believe I understood him correctly and it was his opinion that the

plan suggested by the Administration might be operative in the wholesale drug trade, among other things he said, profitably.

I think that that is absolutely untrue, because of this fact, that for the last two years, on the basis of the facts already filed through our statistical division bulletins, and ^{of} also/the Harvard Research Bureau reports, and supported by new evidence that we now have, the industry as a whole is now operating in the red to a very decided degree.

The plan which was suggested would cost the industry more, and therefore it must be perfectly obvious that it would be impossible for the industry to operate profitably.

The second statement that I refer to is the one made by Mr. Merrell, that he felt that if we were on this basis, it would be possible for the wholesalers to sufficiently stagger their help so that they would not find the schedule of hours proposed excessively burdensome.

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That may be true in a few houses, but/the vast majority of houses, the number of hours that the house is actually open is very close to the total number of hours per week that the help works, because the help works primarily as a unit.

It is true that some may come on an hour earlier in the morning, and then they go out an hour earlier at night.

Mr. Mather: Mr. Williamson made the statement that you could take on 35 per cent more volume of business and

still not take on any increased labor, and, if that is true, it certainly is an indication that by a staggering of hours you can take care of the situation with a 40 hour week.

There is some conflict between those statements somewhere.

Dr. Newcomb: There is very little staggering that can be done.

Mr. Williamson: It is a unit operation. The whole works together, just like you could not run a locomotive by staggering the driving wheels. They all work together. It is a time proposition.

Mr. Mather: But it is true that if a locomotive runs for 24 hours, you have three different shifts of people running it.

Mr. Williamson: That was a feature of -- that was a figure of speech.

Dr. Newcomb: A wholesale house could run in a similar way 24 hours with three separate shifts, but today it operates with one shift, and when that work is done, the work of the day is practically done.

Assistant Deputy Merrell: I would like to ask Dr. Newcomb if he agrees that this service has been abused by the retailer.

Dr. Newcomb: Undoubtedly, they have abused the service. Frequently wholesalers were called upon to render service in

connection with the materials which are not essential and which are not immediately needed.

Mr. Williamson: I would like to have you ask Mr. Faxon what he thinks about that.

Assistant Deputy Merrell: Is that true, Mr. Faxon?

Mr. Faxon: Of course, that has a measure of truth in it, but the fact that we have not gotten over here yet is the essential difference between the drug business and other commodity business. The druggist can abuse us for the very reason that all the time he is subject to special calls from others, and we are subject to special calls that have the health and life element in them, and we cannot afford to forget that, and your President did not forget that when he wrote that letter to the pharmaceutical association this morning that was read.

It is an essentially different business, and we have not made a proper presentation, if you men do not get it.

Mr. Mather: I understand the health element from the point of view of the retail service of the retail druggist particularly, but when I entered into the service of the NRA, I did not know very much about the wholesale drug business, and I do not claim to know very much about it yet, but on two separate occasions I walked home over different routes when I left this office and I talked to as many as seven druggists, and asked them if I went in in an emergency and asked for some

antitoxin that they did not have, where they would get it, and in every single case they said that they would either call another retail druggist or a hospital, and in not a single case was the wholesale druggist mentioned at all, and I think you people are seizing upon something which is perfectly apparent, that you do serve a definite health function, but that you are trying to spread it too far.

Mr. Faxon: But you have to take that part of the country where a great portion of the druggists are outside of the metropolitan centers. It has occurred that in Kansas City we sent a package of antitoxin to Appleton City, and it takes a lot of sales to make up for that kind of a service.

Mr. Kimbal: Is it not true that there are one, two or three men in the establishment who cover any emergency orders that come in and they could walk up and get them, and the fact that you are closed from one o'clock on Saturday until Monday morning shows that there is a long period of time when you are not open, unless you have watchmen to care for these emergency things. If there was any real emergency which came through, you would put any kind of special service in it, where it requires the wholesale druggist to step in and where they needed an arrangement, and you would put in any kind of special service there, but most of these cases are cases where they are spoiled, or, if it is a case where something is out of stock, in a large number of cases they could

get it from other druggists or hospitals in the same area.

Mr. Faxon: There are lots of places where there are no hospitals and no other druggists.

Mr. Kimball: Is it true that the country druggists purchase in such small quantities?

Mr. Faxon: It is in the last year or two.

Mr. Kimball: If they knew that they could not get a supply from the city except in a certain amount of time, it seems to me that they would be more inclined to carry a larger stock.

Mr. Faxon: They should, but they are unable to do it at the present time.

Mr. Mather: I confess that I think that we are all arguing about something that is relatively important. I cannot see to save my neck how the fact that you are going to close your establishment, assuming all of your arguments, that you cannot stagger your men, that you have to close your establishment if you cannot work your employees more than 40 hours a week, are sound, for you would only be closing each store one hour a day earlier, five days a week.

If I had any money I would be willing to bet that if you kept a telephone operator at a desk for that extra hour for five years, in the course of those five years you would not have a dozen emergency calls coming in in the course of that one extra hour a day, and I think it is something that

we are fighting more on principle than on facts.

Mr. Faxon: Not altogether. Let me tell you that in the course of five years, I have been down to my store many times on Sunday to take care of those special orders.

Assistant Deputy Merrell: But you are excluded from the hours.

Mr. Mather: You are a proprietor; you have to work all the time.

Mr. Williamson: Just one word in reference to your check-up, your check-up here in Washington.

Washington is a peculiar city. It has but one wholesale drug house here to supply probably 350 or more retail druggists, and, of those 350 retail druggists, there are probably half of them that deal with that one wholesale house. The other half deals either in New York, Baltimore, Philadelphia, Richmond or what not.

So that that other half would probably go to a hospital or to a retailer.

Mr. Kimball: Wasn't that one wholesale drug house the one that went to 36 hours, and found that they could run all right on it?

Mr. Williamson: I do not know what their hours are.

Mr. Kimball: I understand that they tried it for a month at 36 hours. It changed then for a few days, but they found that they could run.

Mr. Williamson: I do not know. They never made that report to me.

Dr. Newcomb: May I also incorporate into this record the statement to the effect that Dr. William Gerry Morgan, formerly president of the American Medical Association, has sent to you already a very strong statement pleading with the Administration not to restrict the wholesale drug trade in its hours of operation to the extent that it will impair the important service of wholesalers in taking care of the wants of retail druggists?

I should like to ask that a copy of that letter be incorporated in these minutes.

Furthermore, I should like to request that a copy of the resolutions and letters of the State Pharmaceutical Associations and local associations and other groups of retailers protesting against the proposed 40 hour week for wholesale drug houses be incorporated into these minutes.

(Thereupon there was an informal discussion off of the record.)

Assistant Deputy Merrell: I will answer you and say that the letters that you refer to are being held in a separate place and have been tabulated, and that in studying this attention should be brought to those letters.

Dr. Newcomb: Well, will the names be incorporated into the record just the names of the association, as I requested?

(Thereupon there followed another informal discussion off the record.)

Dr. Newcomb: My next request was going to be that this sponsorship committee be afforded an opportunity to confer with Administrator King on the situation, and to request that the evidence be reviewed under the direction of Mr. King, with the purpose of endeavoring to arrive at an agreement in the wholesale drug trade.

Mr. Mather: There is no question of arriving at an agreement. You are not going to take less than 45 hours. You want what you want and nothing else.

Dr. Newcomb: Mr. Chairman, we have not pressed that definitely, that we would not take less than 45 hours. Mr. Williamson has just stated that 45 hours he believes is necessary to maintain our present service. I have previously stated at a hearing that we would accept a 44 hour schedule comparable to that of the wholesale grocery trade. We have not said it before, but we are unanimous on that now, are we not?

Mr. Williamson: 44 or 45 is immaterial.

Dr. Newcomb: Furthermore, we have heretofore offered compromises on wages which were unacceptable to the Labor Board, and the sponsorship committee, I think, is ready today, and has been, to unanimously accept a compromise, provided that such compromise will not seriously impair the service of the wholesale druggists, first, and, second, provide that such a

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compromise is within the financial means if the industry.

Wholesale
drugs

It appears to me that the Administration has not given very much consideration to the financial status of the whole-sale drug trade as extensively set forth in the studies of the Harvard Research Bureau which we filed and the studies by our statistical division over the last seven years which we have filed, and we have at this time a considerable volume of new factual information bearing on the financial status of the wholesale drug trade which we should like to have considered, preferably by Administrator King, with all the other evidence that has been filed, and if we may have an opportunity for such a review of all of the facts, I am still optimistic and hopeful that we will reach a conclusion on the code for the whole-sale drug trade which the Administration will feel under all the facts presented is fair, reasonable and just, and that is all we ask.

Mr. Mather: I think, Dr. Newcomb, that that is a very fair statement of your position, with the possible exception of the fact that you state you do not feel that we have given sufficient consideration to the financial structure of the industry. I think that the statistics with which you have bombarded and flooded us, mostly at our request, and statistics which have been well gotten up, have been seriously considered by all the people interested in the formation of this code, particularly the Labor Board.

Dr. Newcomb: Mr. Chairman, I am not an expert accountant.

I have had 20 some years of experience in scientific research work. I have had forced upon me the necessity of studying and analyzing scientific data for a great many years, and I have studied these statistics relating to the financial status of the wholesale drug trade. I have been probably closer to it with respect to the 320 service wholesalers who do 75 per cent of the wholesale drug trade in this country in the last seven years than anybody else, and I know what the facts are with respect to their profit and loss figures, and I know today that it is a fact that they are losing money steadily.

Now, you may wonder why they have not gone into bankruptcy. The facts are that they are losing their investments; they are gradually going, and it is a serious situation insofar as the wholesale drug trade is concerned.

Assistant Deputy Merrell: Has there not been an improvement in business this year?

Dr. Newcomb: We have the facts, Mr. Chairman, which I am perfectly willing to have you look at at this time.

Assistant Deputy Merrell: I mean, what about sales?

Dr. Newcomb: The sales figures are also given.

Mr. Mather: Is that the statement that you just made applicable to every wholesaler practically in the United States because of the doubtful position which the wholesaler occupies in the economic field?

Dr. Newcomb: I will not attempt to speak for other whole-

sale trades. However, we know that there is no question as to the necessity for the wholesaler in the drug trade. His position is essential.

Mr. Mather: The person who has an essential position always seems to make money. What seems to be the difficulty?

Dr. Newcomb: The reason why the wholesale drug trade has lost money during the past few years is due to a combination of circumstances, of which a number are outstanding in their prominence.

First we have had, of course, a period of depression with reduced sales. Second we have had, during the last decade, the last ten years, a growing intensity of competition in the handling of items which were handled before with more or less of a fixed gross margin of profit, the handling costs of which have not materially been reduced, but the margins of profit have been reduced through competitive price cutting.

So that, today, and in the last two years, the vast majority of all wholesale druggists are and have been operating at a loss. You take 100 representative houses, and they will show a terrific loss.

Third, the wholesale trade is probably now showing financially as good a picture as it should, because of the fact that wholesale druggists have maintained their staffs of help and they employes far more than the average type of industrial business. That was pointed out in the public hearing, and Mr.

Berrill himself admitted that it appeared that the wholesale druggists have to a large degree maintained their help when sales were off to a very considerable degree.

Mr. Mather: You think that five hours a week are going to make it much worse?

Dr. Newcomb: Anything which increases the operating cost of the wholesale druggist will under present conditions tend to increase his net losses.

Assistant Deputy Merrell: Of course, that is doing nothing toward reducing the unemployed.

Dr. Newcomb: Neither will the proposed code which you ask us to adopt. That will, in our judgment, do exactly the reverse of what the government wants to accomplish.

Mr. Williamson: Don't you think that you might give us credit for not having contributed very much to unemployment?

Mr. Kimball: That is true in almost every wholesale trade.

Mr. Mather: I suppose that our difficulty is the difficulty that happens to any group with one who had dealt with a large number of trades. We have heard exactly the ^{facts} same/and the same figures from every single group that has come here. Each one has said that their group was peculiar. Each one has said that they are fulfilling a particular function, either public health or public safety, and that to increase wages and lower the hours would put them out of business, but so far it

has not, and, going to what I said a minute ago, we sincerely feel that if you will consider this 40-hour week and the schedule of hours and wages that we propose, you are going to find that it is not going to adversely affect you as you think it will.

Dr. Newcomb: Again speaking for the record, and following up Mr. Mather's suggestion, the sponsorship committee would like to have an opportunity to have that review by the Administrator, Mr. King, or by someone whom he might designate.

Mr. Mather: Mr. Newcomb, the answer to that, of course, is that all that Mr. King could do, unless he wanted to take the whole thing out of Dr. Dameron's hands, would be to again turn it back to Dr. Dameron to review, because that is what the Deputy Administrator and his assistants are for, and I do not think that Mr. King -- he did not in the case of the steel warehousing people, for example, who complained even more strongly and more bitterly than you people against the failure of our office to allow them an averaging provision for hours and wages, and I think that probably the same thing will take place here.

Dr. Newcomb: May we have an opportunity to take the matter up with Mr. King?

Mr. Mather: I do not know, sir, whether Dr. Dameron would care to go to Dr. King with it. I would not say one way or the other.

Assistant Deputy Merrell: They do have an opportunity ,

when a decision is made, to appeal to the Administrator. That is their right.

Dr. Newcomb: It rather seems to me that we have reached a point where we are not getting very far.

Mr. Mather: We are not . We have gone over the same ground that we have before. We think that you should have a 40-hour week, and you insist that you should have a 45-hour week. Our attitude today is that if you cannot come down to 40 hours within a reasonable period, the compliance division will be instructed that you are under the wholesale basic code, and to see that you operate under that code.

Mr. Faxon: We have the right under the Act to work under our own code, have we not?

Mr. Mather: I think so, yes; that is, any manufacturer has a right to precept a code. Of course, the Administration does not have to accept that code.

Mr. Kimball: The thing is that Mr. Williamson or Mr. Faxon, in talking of the staggering proposition, said that some houses would be able to do it. If you go into this other plan, nobody is going to even try; you will admit defeat without even trying it. If you accept Mr. Merrell's suggestion, my own prediction is that a small proportion only of the wholesale druggists will find it necessary to petition for an exemption, and those who have real cases will petition and will get their exemptions. It certainly has proven true that way in other trades

who said the same thing, that they were able to carry on without such.

Dr. Newcomb: Mr. Chairman, ^{if} Mr. Kimball means by his phrase, "a small proportion," a small percentage possibly 1200 or 1400 people who in this country may be engaged in the business which would classify them under the wholesale drug code, and if he means by a small proportion possibly 25 per cent, then he is probably correct.

By that I mean this, that of the 1200 or 1400 people engaged in the wholesale drug business in this country, approximately 200 of them do about 75 per cent of the volume, and, of those 200, we know from facts that we have that the number who could maintain their present service on a 40-hour week would be limited to possibly 10 or a dozen.

In other words, upwards of 200 of these wholesalers who do 75 per cent of the volume could not maintain their present prompt delivery service unless they operated on 45 hours. The few remaining ones, possibly ten or a dozen, I believe could do so.

Assistant Deputy Merrell: But, Doctor, as I see it, if you went on with this 40 hour basis for a period of time, say sixty days, and you found that your houses could not operate on a flat 40 hours throughout the whole place, you might find that you need certain specific exemptions for certain types of work. Now, there might be all kinds of exemptions, and it might be that

you would get an exemption for the whole place or for your bottle-neck, where your orders pile up.

I do not think that you can put that in the code, to write up certain exemptions for your bottle-neck operations to cover the whole situation in the country, I think it has to come the other way, that the individual situation has to be presented, and, as Mr. Kimball says, probably a small proportion of them would not - - what was it you said?

Mr. Kimball: A small portion of them only would ask for exemption.

Assistant Deputy Merrell: You may not need total exemption for the plant, for some of them might find that they might need exemption for one department alone.

Mr. Kimball: I really feel that unless there is a concerted effort on the part of the Association to try to make the people feel that they have to do this - - I mean to get them in the mood for it - - if that is done there will be only a small portion that will file for any exemption, and those will merely be for bottle-necks, as in one house it is pointed out with respect to the order pickers that, because of the arrangement of the stock, it would be impossible to double shift them.

Mr. Williamson: What was that phrase?

Mr. Kimball: Bottle-necks.

Dr. Newcomb: Mr. Chairman - -

Assistant Deputy Merrell: One other thing, Doctor, and

that is that if you will work under this for sixty days, and if the NRA is flooded with requests for exemptions, you people can ask for an amendment to the code, and then this case can be opened up on the basis of actual experience, of what has happened. As it is now, nobody can tell definitely what experience any particular house is going to have under the 40-hour week.

Dr. Newcomb: I stated at the last conference, and repeat here this time, and will admit it if I am wrong, but I do not think that I am, that the imposition of the 40-hour week would immediately result in a request for exemption in probably 80 or 85 per cent of our service wholesale druggists in this country.

For that reason, it seems to me that any code prepared for an industry which will immediately result in a very large share of that industry calling for exemptions is not a satisfactory code for such an industry.

Mr. Mather: But that will present individual facts and figures for each case.

Dr. Newcomb: Quite true, and if the facts and figures which the individual members present are comparable with those which this committee has presented, and if the NRA draws the type of conclusion from the figures which individuals present which you now draw from the figures which we collectively present, there is no likelihood that you will approve a request for

an exemption.

Mr. Kimball: I will say this much, that I have handled a large number of requests for exemptions in the retail trade, and by a large number I mean that we probably have up to 30 or 40 of them recently on various grounds, and there are as many of them passed as are turned down.

Assistant Deputy Merrell: I want to take exception to what you said, Doctor. As I understand it, if we do not pay any attention to your figures now which are to substantiate a 45-hour week, by the same token we would not pay any attention to a list of exemptions from individuals asking to get out from under the 40-hour week -- is that right?

Dr. Newcomb: Mr. Chairman, I do not think you intended to say that.

Mr. Mather: He said that if the conclusions that we draw from the figures submitted by the individuals are the same as the conclusions we have drawn from the figures presented collectively.

Assistant Deputy Merrell: I am pleased to know that, but I wanted to point out that the facts which we will get from the 85 per cent will be based on definite operation of 40 hours.

Dr. Newcomb: These are the facts which we have now presented to you, based on definite experience and operations for a period of years, and our --

Assistant Deputy Merrell: Under 45 hours.

Dr. Newcomb: And our wholesalers know exactly what they can do and what they can not do.

Now, Mr. Chairman, in stating what I did, I gave the Administration all credit for being sincere, because I think the Administration has looked at these figures sincerely. But I think that we have failed to get the Administration to see the viewpoint of those in the industry, and if we have failed to bring those with whom we have contacted to view these problems of the wholesale druggists as we view them, what we have done and what we are trying to do to help the NRA - -

Mr. Williamson: (interposing) Let me ask you this question, which is very pertinent to what we have so much discussed, this 45 hours against 40.

At one of our hearings down in the Auditorium, I offered a compromise or suggestion of a compromise that we write in the code, based on a 40-hour week, a minimum wage of \$15, and with all that would follow that, as you have it, or a 45-hour week with a minimum wage of \$17.50 and all that follows along the same ratio.

Why was that thrown out? That would accomplish very much what you are suggesting here on a trial period, only it would put the trial on each individual house.

Assistant Deputy Marrell: Will you adjust the wages above the minimum?

Mr. Williamson: Sure, we did.

Mr. Kimball: No, that is the point. After we got into working out the problem, you said that we misunderstood your proposal, and for that reason we could not get together on it.

Mr. Williamson: My proposal was the main bracket of wages or salaries, and that is the minimum, and we agreed, or my suggestion agreed, to raise that minimum in proportion to the additional five hours.

Mr. Kimball: Yes, but that would not do any good.

Mr. Williamson: And then labor comes back and says, "You must go through your whole house."

Assistant Deputy Merrell: Every code has that provision, because if you do not have that, the only effect of the NRA on wages would be on those in the minimum class.

Mr. Williamson: You gentlemen, or labor got to thinking that over, and they said, "Ah! That eliminates, in the 45-hour, \$17.50 scheme overtime."

See?

When a house is operating 45 hours, they said that that won't do, because when you pay overtime, that means time and a third all the way up to the \$35 man.

Assistant Deputy Merrell: \$50.

Mr. Williamson: Well, we have changed that definitely.

(laughter)

(Thereupon there was an informal discussion, off of the record.)

Dr. Newcomb: I was just about to make a statement following up what was being discussed, that it seems to me that the Administration should give consideration to the fact that the average wage in the wholesale drug trade is considerably higher than the average wage in other industries, and that there is considerable merit to the suggestion that the wholesale drug ^{that} house/ls open, say, 45 hours a week should not work its help more than 40 hours a week, and that the wholesale drug house open 50 hours a week should not work its help more than 45 hours a week, and that those whose work 40 hours per week might have a minimum of \$15 in cities over 500,000 population, and those who work 45 hours per week might have a proportionate minimum in cities over 500,000.

This would be in line with the code which is now approved and in operation for the retail druggists, and it is a fact that the wholesale drug house finds that its services are called for in a community somewhat in proportion or in rather relation to the number of hours of the retail druggists that it serves, and it should not be overlooked that many retail druggists are open for many more hours than 50 per week.

Now, I believe that if a schedule of hours and wages in definite relation to the number of hours that the wholesale houses were open could be worked out along those lines, with the recognition of the fact that the wholesale drug house pays higher wages than other industries, which the facts show in those cases,

we might get together along those lines.

Mr. Kimball: There is one thing to be kept in mind, and that is that in the retail end there is a much bigger spread between the store operating hours and the employe hours. For example, where the drug store under group D is allowed to remain open 64 hours per week, the employes are restricted to 56 hours a week, and where the drug store remains open for 48 hours a week, the employes are restricted to a 40 hour week.

Dr. Newcomb: That is very true, and I am wondering if you know the reason why there should be a difference in the number of hours that the wholesaler remains open in relation to the number of hours the employes work, and the number of hours the retail drug store remains open in relation to the number of hours that the employes work?

Mr. Kimball: They are an entirely different business.

Dr. Newcomb: They are in one way, and in another they are very similar. They each use the same merchandise. The average retail drug store is a concern of very few employes, where one or two may do everything that is carried on in the retail drug store.

The wholesale drug house, on the other hand, is on the average a concern with many employes, where for the most part they do several jobs.

Therefore, the number of hours that the wholesale house remains open in proportion to the number of hours that the em-

ployes work must naturally be much narrower. In other words, the house cannot remain open many hours beyond the number of hours that the help is employed, and I believe that a relationship there of approximately 40 hours per week, with a house open 45 hours, if all the correspondence and facts were gathered on this, would work out fairly satisfactory, or if the help worked 45 hours, the house might remain open 50 hours or more.

Mr. Kimball: I do not think that the Labor Board would ever approve that amount of spread.

Assistant Deputy Merrell: Doctor, would you ask just wages in proportion with the rest of the employees above the minimum?

Dr. Newcomb: No, because the average wage in the wholesale drug trade is higher than the average wage of industry, which today is being ignored. If you ask just wages proportionately clear through, the number of employees in the wholesale drug houses on a minimum wage rate is proportionately small in connection with the total.

Mr. Mather: One thing you presented is that you had to have these people so highly trained, and if they are so highly trained, they ought to be paid more money.

Dr. Newcomb: They are.

Mr. Mather: And if they work more hours, with the skill that they have, they ought to get paid proportionately for those hours.

Dr. Newcomb: They are paid more, according to the facts.

Mr. Mather: If you have a highly trained man on the basic hourly rate, he should get more money if he is working five hours more a week than in another branch of the wholesale trade.

Dr. Newcomb: And he would be.

Mr. Mather: You just set up a minimum.

Dr. Newcomb: He is already paid more, if he does not apply to the minimum.

(Thereupon there was an informal discussion off the record, following which, at 4:40 o'clock p.m., the Conference was concluded.)

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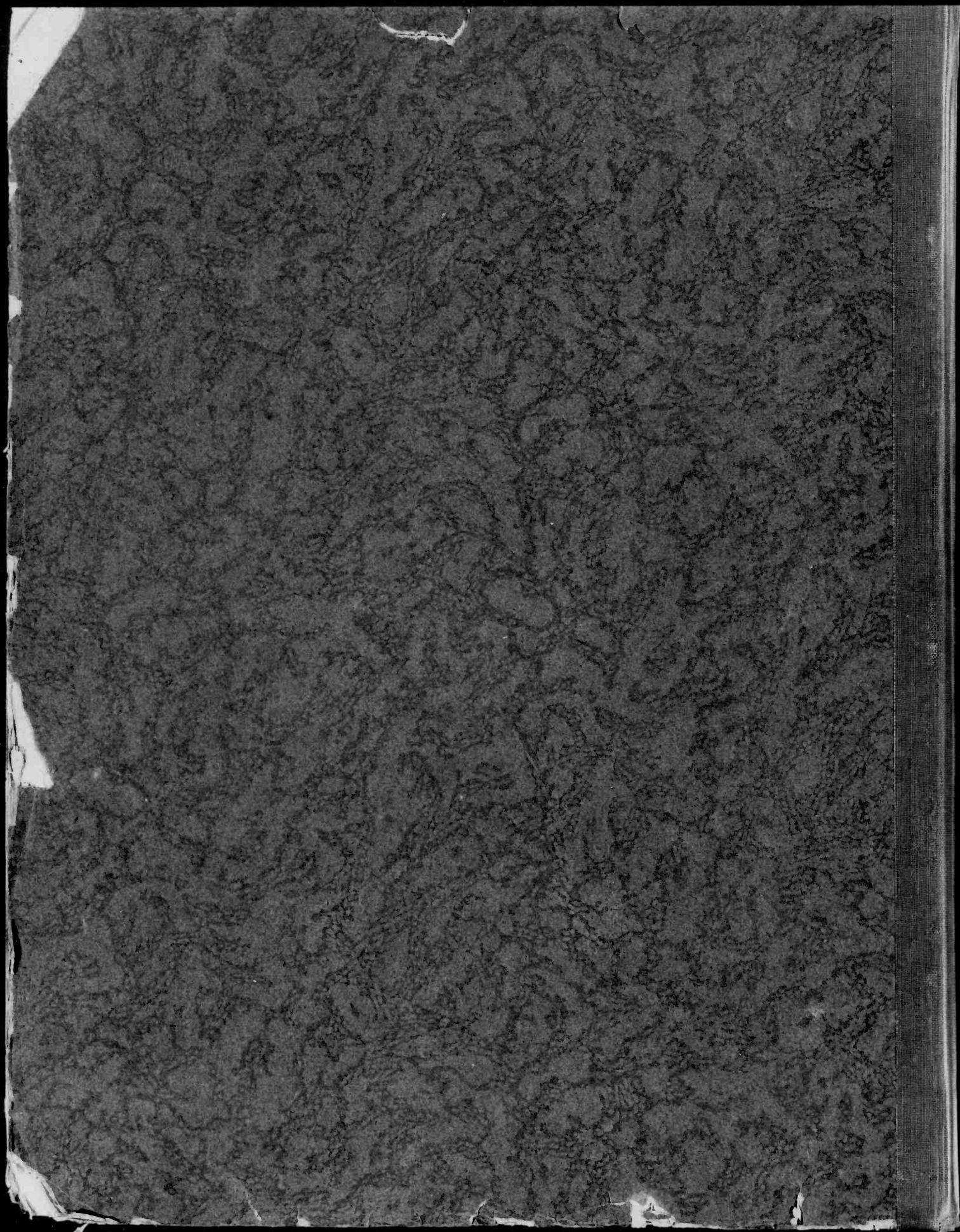
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